



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Procurement
ACM: Cassey Ogden
DATE: June 6, 2023

SUBJECT

Consider adoption of an ordinance of the City of Denton, a Texas home-rule municipal corporation, authorizing the City Manager to execute a contract with Alamo Transformer Supply Company, for the purchase of refurbished, rebuilt, and salvaged transformers and transformer disposal for Denton Municipal Electric as set forth in the contract; providing for the expenditure of funds therefor; and providing an effective date (RFQ 8192 – contract for transformers awarded to Alamo Transformer Supply Company, in the three (3) year not-to-exceed amount of \$10,000,000.00). [The Public Utilities Board recommends approval \(6 - 0\)](#).

STRATEGIC ALIGNMENT

This action supports Key Focus Area: Strengthen Community and Quality of Life.

INFORMATION/BACKGROUND

Denton Municipal Electric (DME) inventory of transformers currently in stock is at levels reserved for emergencies and/or for the provision of electric service restoration associated with normal, daily operation responsibilities. For new construction, DME prioritizes transformers on a project first come, first ready basis for customers and developers that have inspections and permits complete. DME has notified customers and developers DME may not be able to provide service due to the low inventory of transformers and the current supply chain issues.

Supply chain issues for distribution transformers continue to be a challenge. There are major shortages nationwide of critical electric utility equipment such as electric distribution transformers, underground cables, substation equipment, and other equipment necessary to maintain and provide new electric service in Denton. The need for this contract with Alamo Transformers stems from lead times on transformers approaching 80 weeks in some instances. Vendors cannot provide reliable estimates of lead times for equipment. DME has seen an increase of 350% or higher in the average cost of transformers supplied by its vendors.

The number of transformers purchased from this contract will fluctuate. Since this contract is to purchase refurbished and rebuilt transformers, the purchases will depend on the availability of the current vendor and the supply chain. Having this contract in place will slow the need for DME to make emergency purchases of transformers.

This contract will include refurbishing and rebuilding of transformers and also allow DME to purchase rebuilt transformers. This contract will include the pick-up and disposal of salvaged transformers that cannot be repaired and the pickup and disposal of transformer oil.

To promote sustainability and strengthen the Denton community, DME needs a contract in place to keep the correct number of electric transformers on hand for electric outages and new electric projects. While many surrounding electric utilities are shutting down because of the transformer supply chain, this contract for purchasing refurbished transformers and refurbishing our old existing transformers will help DME operate as normal.

This contract will be a 3-year contract. This contract will not exceed \$10,000,000.

The items are stocked by the DME pole yard and used as needed. The commodities are “common stock items” in the DME capital inventory.

Project Description	Estimated 3-Year Expenditure
Year 1	\$ 3,000,000
Year 2	\$ 3,000,000
Year 3	\$ 3,000,000
Contingency	\$ 1,000,000
Total:	\$10,000,000

Requests for Qualifications were sent to 320 prospective suppliers of this item. In addition, specifications were placed on the Procurement website for prospective suppliers to download and advertised in the local newspaper. Three (3) qualifications were received and evaluated based upon published criteria including communication and responsiveness, ability to meet schedule, experience and qualifications, past performance, and overall fit. Based upon this evaluation, the recommended award is to Alamo Transformers Supply Company, and is determined to be the best value for the City.

NIGP Code Used for Solicitation:	285 - Electrical Equipment and Supplies (Except Cable and Wire)
Notifications sent for Solicitation sent in IonWave:	320
Number of Suppliers that viewed Solicitation in IonWave:	18
HUB-Historically Underutilized Business Invitations sent out:	32
SBE-Small Business Enterprise Invitations sent out:	135
Responses from Solicitation:	3

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On May 22, 2023, the Public Utilities Board (PUB) recommended this item to the City Council for consideration.

RECOMMENDATION

Award a contract with Alamo Transformer Supply Company, for the purchase of refurbished, rebuilt, and salvaged transformers and transformer disposal for Denton Municipal Electric in a three (3) year not-to-exceed amount of \$10,000,000.

PRINCIPAL PLACE OF BUSINESS

Alamo Transformer Supply Company
San Antonio, TX

SUSTAINABILITY MEASURES

Deploying a refurbished transformer is an excellent way to minimize waste and reuse valuable resources. Refurbishing a transformer is more efficient than recycling its component materials and reduces the demand for energy and materials needed to manufacture new transformers from scratch.

ESTIMATED SCHEDULE OF PROJECT

This is a three (3) year contract.

FISCAL INFORMATION

These items will be funded from the DME Capital Budget account 605227500.1350.3680. Requisitions will be entered on an as-needed basis. The budgeted amount for this item is \$10,000,000. The City will only pay for services rendered and is not obligated to pay the full contract amount unless needed.

EXHIBITS

Exhibit 1: Agenda Information Sheet
Exhibit 2: Evaluation Sheet
Exhibit 3: Presentation
Exhibit 4: Ordinance and Contract

Respectfully submitted:
Lori Hewell, 940-349-7100
Purchasing Manager

For information concerning this acquisition, contact: Randy Key, 940-231-2966.

Legal point of contact: Marcella Lunn at 940-349-8333.